

STATEMENT OF REP. JOHN CONYERS, JR.
Courts, the Internet, and Intellectual Property Subcommittee
Hearing on "DRM: The Consumer Benefits of Today's
Digital Rights Management Solutions"
2141 Rayburn House Office Building
2:15 PM, Wednesday, June 5, 2002

There is no doubt in my mind that the future of the United States entertainment industry, the most successful exported product in the world, hangs in the balance over this issue. For decades, we have led the world in the production of music and motion pictures. But, in the internet age, many are saying: why pay for it when you can get it for free? How can it be stealing when it is so easy to take? If it is illegal, why isn't the government doing anything to stop it?

A year ago, many hesitated to take on this issue, thinking that market forces and private negotiations would resolve the piracy problem. In the year that followed, the music industry was crippled by virtual shoplifting. For example:

- In late February, the music industry reported that recorded CD sales down fell ten percent in the past year, from 1.1 billion units in 2000 to 987 million in 2001, for a total loss of \$600 million dollars.
- For the first time, sales of blank CD's exceeded sales of recorded CD's last year.
- Private ownership of CD burners has tripled since 1999 from 14 percent of consumers to 42 percent.

And now the pirates are coming after the movies. Star Wars II was on the Internet for free before it was in theaters.

This is not only bad for entertainment companies, it is bad for consumers. What is free today will not be available tomorrow. Because every CD that is pirated is money taken away from pockets of creators, creators see these new technologies as disincentives to create. As a result, consumers will see fewer movies, books, and music available.

It is ironic to me that the companies that are most opposed to the legislative mandates are the very same companies that own and control billions and billions of dollars worth of intellectual property in the form of patents and copyrights. If our intellectual property laws are to have any meaning, they need to work for everyone, not just a select few.

So we all need to work together to tackle this problem, and if the parties cannot develop a private solution, legislation may well be needed.

I look forward to hearing from the witnesses what Congress can do to help spur the development and use of content protection technology.